



Dedicated to Preserving the Napa River for Generations to Come

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August 18, 2004

The Honorable Scott Snowden
Presiding Judge
Napa County Superior Court
825 Brown Street
Napa, CA 94559

Re: Response To The Napa County Grand Jury Report 2003-2004, On Behalf Of The
Napa Sanitation District Board of Directors, General Manager and District Counsel

Dear Judge Snowden:

The Napa Sanitation District is in receipt of the Napa County Grand Jury Report 2003-2004. In review of the Napa Sanitation District Report, the summary section stated "The Grand Jury was impressed by the quality and dedication of NSD's employees and management team and believes that the District is performing an effective and useful public service for the community". The report noted improvements in management expertise and performance, high district employee morale, substantial improvements in formalized training and safety programs, improved communications and efficiency, completion of the highly advanced Soscol water recycling facility, and completion of the Kennedy Park recycled water pipeline project. The report also took note of our significant commitment to recycled water, and pollution prevention activities.

The District Board of Directors reviewed and approved the attached response at its meeting of August 18, 2004. Please accept this response to the 2003-2004 Napa County Grand Jury Report on behalf of the Napa Sanitation District Board of Directors, General Manager and District Counsel.

Sincerely,

Timothy B. Healy
Interim General Manager
Napa Sanitation District

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Clerk of the Napa Superior Court

POINTING 3 AND RECOMMENDATION 3:

RESPONSE: The Board of Directors and District Counsel are in agreement with the Grand Jury that it is inappropriate activity for a member of the Board of Directors to disclose charges against an employee to local newspapers prior to an investigation to which information was leaked, we cannot confirm the source or manner in which it was leaked.

“Recommendation 3: District Counsel should brief the Board of Directors regarding their responsibilities to keep personnel matters confidential. Violations of

Response: District Counsel has in the past and will continue to advise the Board of its responsibility to maintain that confidentiality.

If the confidential personnel information was acquired by being present in a closed session authorized by the Ralph M. Brown Act and then disclosed to a person not entitled to receive it, without authorization from the Board of Directors to disclose the confidential information, that constitutes a violation of Section 54963 of the Brown Act. Violation of Section 54963 can result in penalties as described in that section. These penalties do not include censure or dismissal.

However it does constitute a violation of the Board member's fiduciary responsibility. If necessary, the District may petition a court of law for an injunction, enjoining the Board member from such disclosures in the future.

would be the responsibility of the appointing body, either the Napa City Council or the Napa County Board of Supervisors.

RESPONSE TO FINDING 4 AND RECOMMENDATION 4:

“Finding 4: As a result of management and employee turnover, the District lacks in-depth finance and accounting expertise.”

RESPONSE: It is true that there has been turnover in the finance and accounting areas. Experience levels in all areas fluctuate from time to time for a number of reasons, including employee retirement.

“Recommendation 4: NSD can remedy this problem in a variety of ways, including providing additional training for existing staff, hiring outside consultants, or hiring more experienced staff.”

RESPONSE: The District continually provides training for all its employees, including staff performing the finance and accounting functions. The District has contracted with the County of Napa to provide accounting, auditing and/or consulting services, in order to provide financial transactions, and to provide additional accounting, auditing and/or consulting services as requested. District and County staff are currently discussing areas in which the County can provide assistance to the District. Additionally, the District has hired a Financial Consultant to prepare a Financial Master Plan and Revenue Program.

RESPONSE TO FINDING 5 AND RECOMMENDATION 5:

“Finding 5: The Grand Jury observed the following shortcomings in NSD’s accounting practices:

- **The Board does not review and approve the General Manager’s expense reports.**
- **NSD has not conducted a physical inventory of fixed assets in several years.**
- **NSD does not have a formal system to ensure that vendors properly credit the District for returned merchandise.**
- **District accounting personnel have had difficulty making appropriate year-end adjusting entries and following auditor recommended year-end closing procedures, which indicates a need for further training of accounting staff.”**

RESPONSE:

- The Interim General Manager has included all General Manager expense reports on the Board’s Agenda for review since January 2004. The Board Chairman has executed approval of the expense reports. Prior to January 2004, approval of General Manager’s expense reports was sporadic. There is an adopted District Resolution requiring the General Manager’s expense reports to be approved by the Chairman of the Board.

DNSE TO FINDING 7 AND RECOMMENDATION 7:

ng 7: NSD doesn't distribute the "Pipeline" newsletter to all residents in : area."

DNSE: As noted in the NSD Pollution Prevention Activities section of the report, publishes the "Pipeline", a newsletter encouraging pollution prevention and ng news of District activities. The District distributes this newsletter to 23,16 tential of 32,000 customers, using the mailing list associated with collection o service charges. The majority of residents not receiving the "Pipeline" are re i-family housing where only one sewer bill is sent to the owner of the prop addition to directly mailing the "Pipeline" to a majority of our customers, the "Pipe is also in

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ec mmendation 7: NSD should distribute the "Pipeline" to all residents in its : area."

DNSE: The District has researched a number of options and determined that it ncrease distribution by using a combination of different mailing lists. By using a ation of lists, distribution should include virtually all District customers. The t will revise its mailing list to include these additional residents.

DNSE TO FINDING 8 AND RECOMMENDATION 8:

ng 8: The pages in District policy manuals and handbooks are not marked evision numbers and dates."

DNSE: District staff has reviewed all policy manuals and handbooks and dates. Documents revised after 1994 did include revision num

numbers and dates."

RESPONSE: District staff has reviewed all policy manuals and handbooks and added revision numbers and dates where that information could be determined. District practic since 1994 has been to include the revision dates. The District will continue with this practice for all future revisions.

Napa County Grand Jury 2003-2004

WATER REPORT

RESPONSE TO FINDING 1 AND RECOMMENDATION 1:

“Finding 1: Napa County has finite water resources and growing water needs.

RESPONSE: The Napa Sanitation District concurs.

“Recommendation 1: The use of recycled water should be maximized throughout the County. Cities and towns, in concert with the Napa County Flood Control and Water Conservation District should intensify efforts to use reclaimed water.

Municipalities should also be encouraged to construct tertiary level wastewater treatment plants and seek funds to construct infrastructure to deliver recycled waters.”

RESPONSE: The Napa Sanitation District has already constructed tertiary level wastewater treatment at its Soscol Water Recycling Facility, and is actively providing recycled water to customers located in both the City and County of Napa. The District is currently performing a study to determine the cost to provide recycled water to the Milliken-Sarco-Tulocay (MST), Carneros, and Napa State Hospital areas. The District has applied for and received a \$250,000 grant from the Department of Water Resources to perform a study on recycled water storage. The District is actively pursuing both Federal and State financial assistance to provide funds to enable expansion of recycled water into these water short areas.

RESPONSE TO FINDING 3 AND RECOMMENDATION 3:

“Finding 3: Residents, private organizations, farms and public entities within the M-S-T area have depleted the aquifer, causing long-term damage.”

RESPONSE: The aquifer in the MST area is being depleted. Users of groundwater in the MST area are contributing to the overdraft condition.

“Recommendation 3: The Napa Sanitation District and the County should develop a plan for funding the construction of an infrastructure to deliver recycled water to the M-S-T area. This would reduce demand on the aquifer.”

RESPONSE: The Napa Sanitation District agrees that the use of recycled water in the MST area would reduce the demand on the aquifer, assuming that additional use or connections to aquifer water supplies did not occur in place of those converted to recycled water. The Napa Sanitation District and the County have actively participated in developing a plan for recycled water use in the MST area. The District is currently preparing a strategic planning document for the MST area. The plan will include potential pipeline routes, project phasing alternatives, and estimated construction costs for each alternative. Future studies will be performed to determine financing options for the project.

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